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MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
SUSTAINABILITY AND MARKET DEVELOPMENT COMMITTEE

JOE SERNA, JR., CALEPA BUILDING
1001 I STREET
2ND FLOOR
COASTAL HEARING ROOM
SACRAMENTO, CALIFORNIA

TUESDAY, DECEMBER 6, 2005
10:00 A.M.

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CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10909

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Mr. Gary Petersen, Chairperson

Ms. Cheryl Peace

Mr. Carl Washington

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Directory

Ms. Marie Carter, Chief Counsel

Ms. Lorraine Van Kekerix, Acting Deputy Director;
Diversion, Planning, and Local Assistance Division

Mr. Phil Moralez, Branch Manager, State and Local
Assistance Branch

Mr. Bill Orr, Acting Deputy Director, Waste Prevention
and Market Development Division

Ms. Shirley Willd-Wagner

Ms. Lisa Barry, Recycling Market Development Program

Mr. Mike Leao

Mr. Don Tsukimura, Loan Officer, RMDZ Program

ALSO PRESENT

Ms. Alison Hudson, San Joaquin County Department of
Public Works

Mr. Frank Ferrell, Greater Stockton Chamber of Commerce

Ms. Rosalie, Mulé, Board Member

Ms. Jana Nairn, Golden By-Products

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 PROCEEDINGS

2 CHAIRPERSON PETERSEN: Good morning, everybody.
3 Welcome to the December 6th meeting of the Sustainability
4 and Market Development Committee. I'm Gary Petersen, and
5 I'm the new chair. And I'd like to thank our chair,
6 Rosario Marin, for appointing me to this, I hope.

7 (Laughter)

8 CHAIRPERSON PETERSEN: Anyway, it's an honor and
9 a privilege to be here, and with all the things within
10 this Committee is -- the important thing is that I
11 understand, and I'm looking forward to being here.

12 There's agendas on the back -- everybody knows
13 the roll here. There's agendas on the back counter. If
14 anybody wants to fill out a speaker slip, to make sure
15 they do that and get it over to Ms. Balluch.

16 Oh, yeah, cellphones and phones or pagers,
17 everybody is going to shut them off, right?

18 And Ms. Balluch, could you call the roll,
19 please.

20 COMMITTEE SECRETARY BALLUCH: Certainly.

21 Peace?

22 COMMITTEE MEMBER PEACE: Here.

23 COMMITTEE SECRETARY BALLUCH: Washington?

24 COMMITTEE MEMBER WASHINGTON: Here.

25 COMMITTEE SECRETARY BALLUCH: Petersen?

1 CHAIRPERSON PETERSEN: I guess we're all here.

2 I'm here.

3 Okay. First of all, there is a special
4 commendation or recognition we'd like to make of Janet
5 Schneider, who was the first full-time executive director
6 of the Central Costa County Solid Waste Authority. Janet
7 was instrumental in achieving high diversions by many
8 jurisdictions in Contra Costa. She is listening today on
9 the Internet broadcast, and we wanted to basically make
10 this public and recognize her for who she is and what
11 she's done.

12 Starting in December 1995, Janet became the
13 franchising authority on behalf of the Solid Waste
14 Authority, member agencies guaranteeing high-quality,
15 low-cost, customer response, environmentally sensitive
16 solid waste and recycling services throughout the
17 franchise service provider's area.

18 Some of her accomplishments include development
19 and adoption of jurisdictionwide ordinances regulating
20 residential solid waste, green waste, and recycled
21 material collection processing, disposal and litter
22 cleanup programs, and commercial recycling programs.
23 Implementing many of the innovative waste diversion
24 programs throughout Central Costa County include mini
25 grants, small business recycling programs, reuse and

1 cleanup days, and recycling-only cleanups, school
2 recycling with waste busters program, home composting,
3 rate reductions, composter discounts, chipper and
4 shredder rebates, electronic waste collection and events,
5 curbside collection, Recycling on the Move Program,
6 increased construction and demolition recycling. I'm
7 tired already. That's amazing.

8 Her years of service in Contra Costa helped the
9 jurisdiction within Contra Costa County and the State
10 meet many of its goals. Her enthusiasm and
11 professionalism set the stage for success.

12 Thank you, Janet, for your dedication to
13 achieving zero waste, and we wish you the best in your
14 new position.

15 So anyway, that's for her.

16 We want to do ex partes next, please.

17 COMMITTEE MEMBER PEACE: I am up-to-date.

18 COMMITTEE MEMBER WASHINGTON: I'm up-to-date.

19 CHAIRPERSON PETERSEN: I'm up-to-date.

20 Okay. I guess we're going straight to our --
21 the executive director -- I mean, the Deputy Director
22 for -- hold on. I want to get it right here -- for
23 Planning and Local Assistance.

24 Lorraine. There you are. Okay, Lorraine,
25 you're on.

1 ACTING DEPUTY DIRECTOR VAN KEKERIX: Good
2 morning. I'm Lorraine Van Kekerix. I'm the acting
3 deputy director for the Diversion, Planning and Local
4 Assistance Division. And while we have just one agenda
5 item for you today, we're breaking Gary in, easing him in
6 to the DPLA Division items, we do have --

7 CHAIRPERSON PETERSEN: Easy is a good word.

8 ACTING DEPUTY DIRECTOR VAN KEKERIX: -- we do
9 have a number of things to report to you about, various
10 activities going on in our division.

11 First of all, our state agency staff have
12 completed reviews of 355 state agencies and large state
13 facility annual reports and have found that these
14 agencies meet the 50-percent diversion requirement of
15 AB 75. The executive director will send a notification
16 of compliance to these agencies by the end of December.

17 Staff is preparing an agenda item which we will
18 bring to the February 2006 Board meeting noting that 33
19 state agencies have not met the 50-percent mandate and
20 are not in compliance as described in AB 75. In
21 addition, two state agencies have not submitted their
22 2004 annual report and will be included in the February
23 agenda item. In that agenda item staff will be asking
24 for specific direction and action from the Board.

25 In terms of waste characterization work, the

1 Board has obtained waste characterization data several
2 times in the past to help determine what is left in the
3 waste stream and for use in Board policy decisions and
4 use by local governments. We have an update going -- or
5 we have an updated characterization study going on right
6 now. It's a multipart study that has four specific waste
7 streams. We're looking at waste from business
8 generators, residuals from materials recovery facilities,
9 construction and demolition debris, and nonconstruction
10 and demolition self-haul and drop box waste.

11 The fieldwork portion of this study is
12 approaching its final phase, and our MRF residuals
13 fieldwork will be completed by the end of December.
14 We've started the data analysis work, and we're going
15 back and forth with our contractor, and the final
16 contractor report will be completed by May of 2006.

17 We also have disposal reporting system
18 regulations that were revised and will go into effect on
19 January 1st, 2006. The revised regulations contain a
20 number of new requirements, but the ones I want to update
21 you on today are training for hauling companies, solid
22 waste disposal facility, and county staff that are
23 involved in the disposal reporting system; scales and
24 weighing requirements for permitted solid waste disposal
25 facilities; and transfer station material recovery

1 facilities notification of disposal information that is
2 sent to counties and regional agencies.

3 At the time the regulations were adopted, the
4 Board asked us to put together assistance on these
5 four -- or these three requirements. The Board staff has
6 developed optional model training modules and optional
7 model reports. All the stakeholders were sent a notice
8 of an opportunity to review and comment on draft training
9 modules and optional model requests for exemption from
10 the scales requirement and a request to use an
11 alternative weighing system and additionally, an optional
12 model for the transfer stations and MRFs to submit
13 information to the County.

14 Staff has requested comments on the materials by
15 December 16th, so we should be getting comments back from
16 our stakeholders and be able to modify those to make them
17 more useful to our stakeholders as well as meeting our
18 regs requirements.

19 The Office of Local Assistance staff is
20 continuing to work with districts that participated in
21 the Environmental Ambassador Pilot Program that was in
22 effect from 2003 to 2005. The Desert Sands Unified
23 School District in Riverside County wants to build on the
24 success of the district's pilot food waste diversion
25 program that was implemented at five of the 25 schools

1 during the grant period.

2 The district is currently working out a plan
3 with the help of our Office of Local Assistance staff to
4 expand the pilot program in phases with the ultimate goal
5 of having food waste diversion implemented districtwide.
6 Board staff anticipates that the Desert Sand District
7 will serve as a model for other school districts around
8 the state in both planning and implementing a
9 districtwide school food waste diversion program.

10 And finally, a team of staff from the Office of
11 Public Affairs, Office of Local Assistance and E-Waste
12 staffed a booth at the California State Association of
13 Counties Annual Conference in San Jose. This conference
14 targeted local decision-makers and was a perfect
15 opportunity to discuss the various programs offered by
16 the Board. The team effort was very successful and
17 allowed a significant amount of information-sharing to
18 occur.

19 And that concludes my deputy director report.
20 Are there any questions?

21 CHAIRPERSON PETERSEN: Is there any questions?
22 Grand.

23 Okay. Move on to the first item, consideration
24 of the amended nondisposal facility element for the City
25 of South Gate, Los Angeles County. Have there been any

1 slips turned in on this? Okay.

2 COMMITTEE MEMBER WASHINGTON: Mr. Chair, on this
3 item, I need to make a statement. I will be abstaining
4 from participating or voting on this item pursuant to
5 Government Code section 84308 because the operators of
6 the facility is being added to -- that is being added to
7 the City's NDFE are sponsoring a campaign fundraising
8 event in my honor later this month. So I will not be
9 participating or voting on this item.

10 CHAIRPERSON PETERSEN: Fine, Mr. Washington,
11 great.

12 Do we hear a motion?

13 Oh, staff presentation. Oh, sorry, Phil. Go.

14 MR. MORALEZ: That's okay. It's your first
15 time.

16 CHAIRPERSON PETERSEN: Yeah, it's my first time.

17 MR. MORALEZ: For the record, my name is Phil
18 Moralez, the branch manager for the State and Local
19 Assistance Branch. Good morning, Mr. Chairman and
20 Committee Members.

21 The City of South Gate is amending its
22 nondisposal facility element, NDFE, by identifying and
23 describing the interior removal specialist, IRS,
24 construction and demolition debris processing facility, a
25 new facility. P and E Division staff members have worked

1 with the LEA to issue a registration permit for this
2 facility, and a Board item for a facility permit is not
3 required. The City has submitted all required
4 documentation for this facility.

5 Board staff recommends approval of this
6 amendment to the City of South Gate's NDFE.

7 This concludes my presentation. Are there any
8 questions?

9 CHAIRPERSON PETERSEN: Questions?

10 Anybody make a motion?

11 COMMITTEE MEMBER PEACE: Okay. I'd like to move
12 Resolution No. 2005-320.

13 CHAIRPERSON PETERSEN: I can second it.

14 Call the roll, Deb, please.

15 COMMITTEE SECRETARY BALLUCH: Peace?

16 COMMITTEE MEMBER PEACE: Aye.

17 COMMITTEE SECRETARY BALLUCH: Petersen?

18 CHAIRPERSON PETERSEN: Aye.

19 Grand. Okay. Mr. Bill Orr, there you are,
20 acting deputy director for our Waste Prevention --

21 CHIEF COUNSEL CARTER: Excuse me, Chair. That
22 item can go on consent, if you direct so.

23 CHAIRPERSON PETERSEN: Oh, it can?

24 CHIEF COUNSEL CARTER: Yes.

25 CHAIRPERSON PETERSEN: This item we just voted

1 on?

2 CHIEF COUNSEL CARTER: Yes.

3 CHAIRPERSON PETERSEN: Okay. We can -- we'll
4 put it on consent.

5 CHIEF COUNSEL CARTER: Thank you.

6 CHAIRPERSON PETERSEN: Thank you.

7 Okay. Bill, you're on.

8 ACTING DEPUTY DIRECTOR ORR: Thank you,
9 Mr. Petersen and Committee Members. For the record, my
10 name is Bill Orr, and I'm acting deputy director for the
11 Waste Prevention and Market Development Division.

12 I have a few items on the deputy director's
13 report. The first one is that as part of the Board's
14 Green Procurement Action Plan, staff are currently
15 working with industry leaders to establish an
16 environmentally preferable standard for printing
17 duplication cartridges. Staff have had a series of
18 comment periods and are conducting an interested parties
19 workshop a week from today to refine the draft standards.
20 The workshop will be held next Monday, December 12th, in
21 Room 230 on this floor, right around the corner, from
22 1:00 to 4:00 p.m. So if there are any Board members or
23 other folks that would be interested in attending this
24 workshop, you are welcome.

25 The standard will be used to define

1 environmentally preferable cartridges, to increase the
2 purchase of these products by state and local government
3 entities.

4 We also have good news from the Electronic Waste
5 Program. The revisions to the emergency regulations that
6 were approved by the Board in November were just approved
7 by the Office of Administrative Law.

8 COMMITTEE MEMBER WASHINGTON: All right.

9 CHAIRPERSON PETERSEN: That's probably a new
10 record.

11 COMMITTEE MEMBER WASHINGTON: Yeah, that's
12 great.

13 ACTING DEPUTY DIRECTOR ORR: The new emergency
14 regulations are effective as of December 6th, 2005. The
15 program will send an announcement to the list serve and
16 be available to assist recyclers and collectors in
17 complying with these changes.

18 COMMITTEE MEMBER WASHINGTON: Good job, Shirley.

19 MS. WILLD-WAGNER: Thank you.

20 ACTING DEPUTY DIRECTOR ORR: And then a brief
21 update on the Recycling Market Development Zone Loan
22 Program and setting context for the items that will be
23 coming on a couple of loans. In terms of the current
24 available loan funds, to date this fiscal year the Board
25 has approved 7.4 million in RMDZ loans of which

1 2.6 million have been funded. It is expected to divert
2 159,000 tons annually from the California landfills and
3 create 71 jobs.

4 Today the Committee will consider three loans
5 totaling \$2 million. If these two -- actually there are
6 three loans, three loans. If these loans are approved,
7 then there remains approximately \$12 million in the RMDZ
8 subaccount for new loan applications.

9 In terms of new loan applications and prospects,
10 loan staff is currently analyzing two new loan
11 applications totaling \$2.3 million and working with 33
12 recycling businesses that have expressed interest in the
13 loan program.

14 This concludes my deputy director's report. Are
15 there any questions before we move on to the next item?

16 COMMITTEE MEMBER WASHINGTON: Mr. Chair, not so
17 much as a question, but I certainly -- I shouted out, but
18 I do want to thank Shirley Willd-Wagner and the team for
19 doing an excellent job working with the folks on getting
20 these regs in place. And because of your work, the
21 administrative folks saw fit to grant. And again, I want
22 to thank you and the team for doing a wonderful job at
23 working with the people and the stakeholders on these
24 particular regs.

25 CHAIRPERSON PETERSEN: Okay. Ms. Peace,

1 anything?

2 I'd also like to chime in on that. Well done.

3 Okay. Go to the first item?

4 ACTING DEPUTY DIRECTOR ORR: Yep.

5 CHAIRPERSON PETERSEN: Okay.

6 ACTING DEPUTY DIRECTOR ORR: Agenda Item D,

7 consideration of application to renew the San Joaquin

8 County Recycling Market Development Zone Designation.

9 It's Board Item 14. And the presentation will be made by
10 Lisa Barry.

11 CHAIRPERSON PETERSEN: Yes. State your name,
12 please.

13 MS. BARRY: Good morning, Chairman Petersen and
14 Board Member Peace, Washington, and Mulé. My name is
15 Lisa Barry, and I am staff with the Recycling Market
16 Development Program. I'm here to present Agenda Item 14,
17 consideration of the application to renew the San Joaquin
18 Recycling Market Development Zone.

19 The RMDZ program is a partnership between
20 California Integrated Waste Management Board and local
21 governments, and this program was created to assist the
22 local governments in developing markets for the materials
23 they're diverting from landfills.

24 The San Joaquin RMDZ has submitted an
25 application to renew their ten-year designation cycle

1 which expires at the end of this month, December 2005.

2 The San Joaquin RMDZ is a countywide zone that
3 encompasses about 1400 square miles of land. The zone is
4 administered by the San Joaquin Department of Public
5 Works in partnership with the Stockton Chamber of
6 Commerce and other regional organizations.

7 According to the 2004 RMDZ Annual Report,
8 businesses participating in the RMDZ program diverted
9 approximately 111,400 tons of material from the region's
10 landfill in 2004 alone and employed over 360 people.
11 Over the last ten-year designation cycle, five RMDZ
12 businesses have been granted loans awarding \$4.5 million,
13 over \$4.5 million to manufacturers ranging from plastic
14 extruders, composters, and C and D processors.

15 Because of the region's 20-percent projected
16 ten-year growth rate, the County recently levied a
17 one-dollar-per-ton landfill fee to fund the expansion of
18 their waste diversion programs. They did this so they
19 can maintain their current 54-percent waste diversion
20 rate.

21 They have developed a second -- they have
22 developed an RMDZ strategic plan, and they've secured
23 funding for that plan which seeks to use -- which, among
24 other things, seeks to expand the use of post-consumer
25 materials and manufacturing, and they would like to

1 increase that to 15 percent by the year -- within two
2 years. This action was taken because local officials
3 acknowledged that the RMDZ program is an essential
4 component of the region's integrated waste management
5 strategy.

6 In support of the Board's zero waste efforts,
7 the zone has hosted the first annual Recycling Market
8 Development REXPO or materials expo at the San Joaquin
9 County Fairgrounds, and that was in February of 2005. As
10 a result of that event, over 5,000 visited the expo and
11 were introduced to post-consumer recycled-content
12 products. This event educated the general public,
13 municipalities, and the agricultural community to the
14 importance of the recycling industry, the positive impact
15 it contributes to the region, and the need to buy
16 recycled-content products. The REXPO showcased over 25
17 products made regionally and showed innovative
18 recycle-content products throughout the region.

19 As a result of participating in that REXPO, just
20 it's hard to quantify the total effect, but one business
21 reported that they received over 1500 units of product
22 sales as a result of attending the show.

23 Furthermore, in support of the Board's Green
24 Procurement Action Plan, San Joaquin County is partnering
25 with the Board and neighboring zones within the Greater

1 Central Valley to host the second annual recycling expo.
2 That event will occur in January 2006, from the 19th to
3 the 21st, at the Stockton Fairgrounds. This event has
4 the support of regional local government organizations
5 and the agricultural community. And the REXPO will
6 strengthen the Board's diversion message and the
7 public/private partnership to increase recycled-content
8 products.

9 Additionally, the San Joaquin County included --
10 additionally, San Joaquin County, including the City of
11 Stockton, is one of our four -- is one of four counties
12 within the state that has been selected to participate in
13 the Market Assessment Action Plan Pilot Study. This
14 pilot study will track the flow of priority recyclable
15 materials to identify the economic impacts to the local
16 region. The pilot study will provide valuable
17 information to the local zone administrator as well as
18 Board staff.

19 An environmental review concluded that the San
20 Joaquin County's redesignation would not result in any
21 adverse physical impacts to the environment, and a notice
22 of determination was filed with the state clearinghouse
23 in August of 2005.

24 Jurisdictions in San Joaquin County RMDZ address
25 their commitment to ensuring environmental justice

1 through their resolutions, and they said in the
2 resolutions that they would administer or help administer
3 the RMDZ program in a manner that seeks to ensure the
4 fair treatment of people of all races, cultures, and
5 incomes.

6 Based on the information available, staff is
7 unaware of any environmental justice issues specific to
8 the proposed zone redesignation. Staff recommends that
9 the Board approve Option One and adopt Resolution
10 No. 2005-330. The decision to renew the San Joaquin RMD
11 for another ten-year term will allow recycled-content
12 product manufacturers and other qualified businesses to
13 continue to receive the technical business support and
14 financial services provided by the Board's RMDZ program.

15 Alison Hudson with the San Joaquin County
16 Department of Public Works and Zone Administrator Frank
17 Farrell with the Stockton Chamber of Commerce are here to
18 make brief statements in support of the RMDZ program.

19 CHAIRPERSON PETERSEN: All right. Thank you,
20 Lisa.

21 Okay.

22 MS. HUDSON: Good morning.

23 CHAIRPERSON PETERSEN: Good morning. Heck of a
24 program.

25 MS. HUDSON: You know, it's funny that you

1 should say that because I have to be honest, I think it's
2 worth saying that the RMDZ program was really initially
3 pushed by only one city, and the rest of us sort of went
4 along with it because Stockton really wanted to do it.
5 They did a lot of work, and so we sort of bumped along.
6 We were, you know, a very rural county at the time, even
7 though it was just ten years ago.

8 Over a period of time, we got involved with
9 Lisa, and Lisa began to educate us as to how this could
10 really benefit us. And, of course, at the same time we
11 had all this -- this economic situation started to heat
12 up, and people started to move in, and we weren't quite
13 as rural as we used to be.

14 So we needed a new zone administrator because
15 Stockton couldn't do the job anymore. They -- they --
16 they came to us and said, "This is too big for us." We
17 were fortunate enough to find Frank, who has a great deal
18 of experience in this area and is also a member of the
19 chamber, and it has turned into a fabulous relationship
20 that has really allowed us to blend our strengths. And
21 we now have a very vibrant, although young, group of
22 cities and organizations and industries that are working
23 together to really try to play off each other and bring
24 all of the benefits of the RMDZ to the County.

25 We really appreciate your support. I think our

1 situation really is a great example of why a program like
2 this is a long-term program. It takes a while to get
3 people educated. Your staff come in and out. Cities and
4 jurisdictions change and grow, and the economic situation
5 changes, and you begin as you get further into it to
6 really understand how it benefits you. So we are strong
7 supporters of the RMDZ. We appreciate all the training
8 that we get, and we'd like for you to continue to give us
9 training. We want to send more people. Our
10 jurisdictions are now all expressing an interest in
11 going.

12 And, you know, we also appreciate the CalMAX,
13 which we find we're going to be using and we are using
14 more and more. So thank you, for hanging with the
15 long-term benefits of this program. It's not a flash in
16 the pan. It's not short and fancy. It's -- really
17 requires a long-term effort, and we really appreciate all
18 your support in the process. And Lisa Barry's done a
19 great job for us.

20 Thank you very much.

21 MR. FARRELL: Good morning. Frank Farrell,
22 Greater Stockton Chamber of Commerce and public policy
23 director.

24 What can I say about our favorite zone liaison
25 Lisa Barry, affectionately known as LB? We -- we are so

1 grateful for the opportunity to participate in this
2 private/public partnership because it's very important in
3 any economic development program, is the private working
4 with the public to -- making things happen for a positive
5 environment for everyone. So on behalf of the Greater
6 Stockton Chamber of Commerce, I want to thank you very
7 much for giving us this opportunity.

8 We continue to work in collaboration with all
9 jurisdictions and the State of California and as well as,
10 you know, participating in the zone, zone work workshops,
11 which have been very beneficial for us to learn more and
12 to build that nexus with our colleagues throughout the
13 state of California.

14 So I want to thank you again for this
15 opportunity.

16 CHAIRPERSON PETERSEN: Well, that's pretty
17 grand. Way to go, Lisa.

18 And, you guys, this is a great program and --
19 well, it's the way you create job and infrastructure
20 within in your community and make things happen. It's
21 really great.

22 MS. BARRY: Are there any other questions
23 regarding this agenda item that I can answer for you
24 today?

25 COMMITTEE MEMBER PEACE: I don't know if there

1 are any other questions, but I mean, this is just
2 incredible. This is how we envision a program working.
3 This is such a great example.

4 From the fee that you charge that was -- where a
5 portion of that goes -- is this working -- it goes to the
6 RMDZ program, to hosting a first annual recycling market
7 exposition, to being a partner in the Green Procurement
8 Action Plan and the Market Assessment Action Plan. This
9 is just incredible. So thank you and thank you, Lisa.

10 And if there aren't any other questions, I'd
11 like to move Resolution No. 2005-330.

12 COMMITTEE MEMBER WASHINGTON: Second.

13 CHAIRPERSON PETERSEN: Ms. Balluch, could you
14 call the roll.

15 COMMITTEE SECRETARY BALLUCH: Peace?

16 COMMITTEE MEMBER PEACE: Aye.

17 COMMITTEE SECRETARY BALLUCH: Washington?

18 COMMITTEE MEMBER WASHINGTON: Aye.

19 COMMITTEE SECRETARY BALLUCH: Petersen?

20 CHAIRPERSON PETERSEN: Aye.

21 And that moves to consent. Great.

22 MS. BARRY: Thank you, Board Members.

23 CHAIRPERSON PETERSEN: Thank you, Lisa. Well
24 done.

25 We have Board Member Mulé here on another item

1 that we have that's No. 19 and in -- because of time
2 constraints and things, we'd like to move that to -- and
3 it's all yours.

4 BOARD MEMBER MULE': Thank you, Mr. Chair.

5 ACTING DEPUTY DIRECTOR ORR: Okay. This is Item
6 No. 19, Item I on the agenda, discussion of Board led
7 collaborative efforts to increase collection and
8 recycling of post-consumer plastic.

9 Michael Leacon will present the item.

10 Board Member Mulé, do you have anything that you
11 wanted to say up-front regarding this process?

12 BOARD MEMBER MULE': Well, what I'll -- I will
13 make my comments after the presentation.

14 ACTING DEPUTY DIRECTOR ORR: Okay, great.

15 BOARD MEMBER MULE': Thank you, Bill.

16 ACTING DEPUTY DIRECTOR ORR: Okay. Mike.

17 (Thereupon an overhead presentation was
18 presented as follows.)

19 MR. LEAON: Good morning, Mr. Chairman and
20 Committee Members. For the record, my name is Mike
21 Leacon. I supervise the Plastics Recycling Technology
22 Section here for the Board. And this morning I'll be
23 overviewing our collaborative efforts on increasing
24 plastics recycling in California.

25 --o0o--

1 MR. LEAON: And to begin, I'd like to review
2 some of the environmental issues that I'm sure we're all
3 very familiar with plastics. First and foremost,
4 generation of plastic products is increasing, especially
5 in packaging where plastics is replacing other packaging
6 materials.

7 Unfortunately, we don't see a commensurate
8 increase in the recycling rate for plastics, and that
9 recycling rate nationally is around 5 percent, also in
10 California, and this lags far behind other material
11 types. So it's important that we do focus on increasing
12 the recycling of plastic to help meet AB 939 diversion
13 mandates.

14 Disposal of plastic is also on the increase
15 incrementally. It's currently 9.5 percent of
16 California's disposed waste stream, up from about
17 8.9 percent in the last waste characterization study.

18 Plastics also presents problems in regard to
19 release of plastic materials in the environment, not only
20 litter of packaging and containers, but also pellet loss
21 of preproduction pellets, both in transport and at
22 production facilities. These pellets and containers and
23 film end up in the environment where they can clog storm
24 drains, cause flooding. There are aesthetic -- adverse
25 aesthetic impacts, also impacts on wildlife and some

1 other serious concerns that will probably require further
2 study, the possibility plastic particles being
3 lipophilic, adhering pesticides to them, and concerns
4 about bioaccumulation of toxins in the food chain.

5 --o0o--

6 MR. LEAON: A little history, previous Board
7 items, the Plastics White Paper, this was a stakeholder
8 process that we began, I believe, in 2001 and that
9 wrapped up in June of 2003. This was a significant
10 effort with considerable feedback and several workshops
11 held with stakeholders. And the white paper presented a
12 menu of policy options for the Board's consideration. I
13 believe there is 40-plus of recommendations.

14 At the June 2003 Board meeting, the Board did
15 select its preferred options, policy options, and staff
16 has been actively working on those policy options since
17 that time.

18 And some of the key recommendations were that we
19 continue with a shared responsibility/products
20 stewardship approach, continue with our collaborative
21 approach, and also that the Board support emerging
22 technologies.

23 Regarding RPPC enforcement, in 2004 there was a
24 significant change to that law. Senate Bill 1729 removed
25 the requirement that the Board annually calculate

1 recycling rates, the all container and the PET recycling
2 rates for containers. These rates were largely driven by
3 beverage containers, which were exempted from the law and
4 as such did not reflect the actual recycling of regulated
5 containers.

6 So the determination was that resources were
7 better spent on actually enforcing the law rather than
8 calculating recycling rates that didn't reflect the
9 actual implementation of the law. As a result of that,
10 at the December 2004 Board meeting, the Board adopted an
11 RPPC protocol. In that protocol, we will conduct annual
12 RPPC certifications of a limited number of product
13 manufacturers. Manufacturers are expected to be in
14 compliance with that law at all times; however,
15 realistically we want to do a manageable number of
16 companies each year, and the Board decided on no more
17 than 100 companies in each cycle.

18 The Board also directed staff to do some
19 outreach and education efforts for RPPC in 2005. I'll
20 talk a little bit more about that later.

21 Also, the Plastic Trash Bag Program Leg. Report,
22 that report was adopted by the Board last February. And
23 again, a key recommendation out of that report was that
24 the Board continue with a collaborative/voluntary
25 approach to look at developing strategies to implement a

1 comprehensive approach for collecting and recycling film
2 plastics.

3 --o0o--

4 MR. LEAON: To summarize some of the
5 collaborative efforts that are ongoing, and some of these
6 are historic now, we do conduct monthly interested
7 parties meetings, and we have a Listserv with, I believe,
8 about 1400 individuals on that Listserv. We have
9 excellent participation in those interested parties
10 meetings, both by people in person and through the
11 conference, teleconference.

12 In 2004, we -- in October of 2004, we held a
13 working group meeting on film plastic and asked
14 stakeholders to help us identify what area should we be
15 focusing on in regard to increasing the collection of
16 film plastic. And we identified three areas: One, the
17 first one, being the matrix where we wanted to look at
18 generation versus collection methods; also, education and
19 outreach efforts; and also, washing and sorting
20 technology, specifically for ag film. And I'll also talk
21 about those working groups in a little more detail.

22 We have also conducted several workshops and
23 conferences over the last fear years, the most recent
24 being last October's conference, which was highly
25 successful, and I'll also talk a little bit more about

1 that.

2 --o0o--

3 MR. LEAON: Regarding the film working groups
4 that flowed out of that October workshop, the first is
5 the matrix. Again, we were looking at working with our
6 stakeholders, sources of film versus collection methods.
7 And we developed the table that you will find in
8 Attachment 1 in your packet for this item. And it lists
9 sources of generation that are in rank order. This is
10 what the stakeholder group identified as these are your
11 top priorities.

12 And then it also looked at collection methods,
13 and where there's an X, that is the stakeholders'
14 consensus that that's the best method to use for
15 collecting that particular category of film product. So
16 the areas that were targeted were first commercial film
17 or transport packaging, your shrink wrap and stretch
18 wrap; second, your residential film and grocery bags; and
19 third, ag film. The other categories that you find on
20 your table will be the subject of future focus, and that
21 will include institutional generators, industrial
22 generators, and construction film.

23 --o0o--

24 MR. LEAON: The film working group on education,
25 we actually had two subgroups here, one on general

1 education and a second on technical education.

2 The general education focused on the how do we
3 increase the collection of grocery and merchandise bags?
4 The consensus that came out of that work group was that
5 we should be looking at retail outlets and grocery
6 stores, and we think that we can do a much better job of
7 highlighting the available collection services there,
8 making better signage, and just generally raising the
9 awareness of the public that you can recycle at your
10 local grocery store.

11 Some of the projects that are happening now at
12 the local level include a demonstration project between
13 the City of San Juan Capistrano and Hilex, Hilex Poly,
14 where they're collecting bags through curbside.
15 Groceries sacks are -- residents are provided with a blue
16 bag, and they can put their grocery sacks in a blue bag,
17 which is then collected through the curbside program and
18 separated at the local MRF there. That project is
19 ongoing.

20 Also, the City of San Francisco, which had been
21 considering a 17-percent fee on bags, which would include
22 paper and plastic, to pay for the cost of managing those
23 bags, the City has worked out an agreement with industry
24 on using a voluntary collaborative approach at the local
25 level to both reduce the number of bags that are being

1 used and to help increase collection of bags at the local
2 level.

3 The technical working group focused on
4 increasing post-consumer -- increasing use of
5 post-consumer plastic. And one of the things that we
6 wanted that group to do was to look at the quality
7 assurance/quality control guidelines report that CSU
8 Chico had prepared for the Board. This report targeted
9 processors and helping them implement QA/QC programs so
10 that they could provide a higher quality product to
11 potential end users.

12 It identified five grades of post-consumer
13 material. The group reviewed the report, and we did make
14 some additional changes based on that review. And staff
15 is now in the midst of preparing some promotional
16 materials to promote the use of those, those guidelines
17 and the five -- the five levels of PCM quality. Okay.

18 --o0o--

19 MR. LEAON: The next working group focused on ag
20 washing and sorting technology. And there are
21 environmental problems associated with ag film. One of
22 the things that we discovered was that when this film is
23 pulled from the field, it's removing topsoil with it.
24 Unfortunately, it makes the film itself dirty, but it
25 removes valuable topsoil from the field. So there's a

1 need to look at better ways to get the material out of
2 the field, leaving the soil on the field.

3 Also, the dirty condition reduces the
4 recyclability of the film, again, emphasizing the need,
5 again, that we need wash lines.

6 It's also expensive to transport and landfill.
7 Because the material is so bulky and difficult to handle
8 and takes up a lot of space in the landfill, they charge
9 a significant fee to dispose of ag film at the landfill.
10 As a result, there are issues with illegal dumping and
11 burning with ag film. So there are definitely issues
12 that we need to address in regard to ag film.

13 Specifically, we need wash lines, and we need
14 consolidation points to set up an efficient collection
15 system that's going to get this material off the field,
16 diverted from the landfill, and get it cleaned up. And a
17 consensus is that if this material is collected and
18 processed and washed, there are markets for it
19 specifically through the dimensional lumber and other
20 applications.

21 --oOo--

22 MR. LEAON: After we had completed the working
23 groups, which we wrapped up in, oh, August, September of
24 2004, we then wanted to take that information and share
25 it with a wider audience, so we held a conference in

1 October. And, again, some of the objectives were share
2 that information generated from the working groups with a
3 wider audience and then to take the next step, and we
4 proposed a collaborative project for increasing both
5 plastic film recovery and also container recovery. One
6 of the common denominators in both the film and container
7 side is that we hear from manufacturers, "We can't get
8 enough material." So we would like to work in a
9 collaborative process to get that material collected and
10 get it processed and get it to market.

11 We also provided RPPC compliance training for
12 regulated industry as a part of that conference. The
13 conference was, I think, very, very successful. It
14 generated a lot of enthusiasm for the proposed projects,
15 and I will go into more detail on those projects.

16 --o0o--

17 MR. LEAON: On the film recovery side, we're a
18 little bit further along on the film side than the
19 container side, having done those working groups in 2004.
20 And the proposed project that you see outlined here,
21 we're flexible on this, we want to work with
22 stakeholders. We are proposing that we hold a workshop
23 on January 25th to look at the project, refine it, and
24 then move to Phase II, which we'd have two working
25 groups, one on the residential/commercial film side and

1 the other on ag. We want to move to the implementation
2 phase. We want to select specific strategies, programs
3 and projects based on the hierarchy that we identified,
4 and move to Phase III, which will be the actual
5 implementation. So we want to move away from
6 conceptualizing and move towards implementation on the
7 film side.

8 After the implementation phase, we would
9 annually review progress and determine the next steps and
10 make recommendations for future efforts.

11 --o0o--

12 MR. LEAON: On the container side, we have to go
13 through a similar process that we went through on the
14 film side, but we first need to do that conceptualizing
15 and prioritizing. And we would begin with the container
16 project with that type of effort, where we have working
17 groups to help advise the Board on what are the material
18 types and collection methods that we should be
19 prioritizing and focusing on.

20 Once we have completed that process, the steps
21 outlined in this proposed project are identical to what
22 we proposed on the film side. Move to an implementation
23 phase, implement projects, annually review progress, and
24 make recommendations for changes in the future.

25 --o0o--

1 MR. LEAON: As one of our other collaborative
2 efforts that have been ongoing, an organization which
3 includes environmental groups, industry, and state
4 agencies, Plastic Debris Rivers to Sea, is developing a
5 California action plan for litter. We have been involved
6 with that process. We presented at their September
7 conference. We reviewed the draft plan. We have another
8 meeting coming up next week to review that draft plan.
9 This effort is being spearheaded by the Coastal
10 Commission, and we plan to continue to be involved in the
11 development of that action plan.

12 Board staff also from the Plastics Recycling
13 Technology Section worked with local government staff
14 here at the Board and went to local task force meetings,
15 presented information on what are the things that we're
16 working with on plastic. And that generated a
17 significant amount of interest and participation in our
18 process, so that has been a highly effective activity.

19 Something else that's happening locally, the Los
20 Angeles Polystyrene Task Force is again a private/public
21 partnership to mitigate for litter in the Los Angeles
22 River Basin. Board staff is serving on that task force.
23 CPCFA, that's the California Pollution Control Financing
24 Authority, we provided information to CPCFA that resulted
25 in a policy change by that organization where they had

1 made a decision to go ahead and fund plastics recycling
2 facilities, and they did provide funding to Al's Plastic
3 in Southern California for expansion of their wash line.
4 So that was a significant accomplishment as well.

5 Finally, the plastics clearinghouse, we do have
6 a mandate that we maintain a clearinghouse of
7 information. We took that information and put that onto
8 an online database so that the public can go to that
9 database and find reprocessors, brokers, and recyclers.

10 --o0o--

11 MR. LEAON: Another activity stemming from the
12 White Paper is the support of emerging technologies. I
13 talked about the QA/QC guidelines. We also have a study
14 right now which we're wrapping up on compostable
15 products. This study has been performed by Professor Joe
16 Green with CSU Chico. He will be at the January 24th
17 interested parties meeting to present his findings on
18 that report, and the final report is actually being
19 completed this month.

20 That particular study looked at compostable
21 products, meeting the ASTM definition of compostable. We
22 have a follow-up study, which Professor Green is also
23 going to be preparing, which looks at biodegradable
24 products, not only products that meet that ASTM
25 definition of compostable, but also products that are

1 biodegradable or degradable that don't necessarily meet
2 that particular definition. Not only will we be testing
3 in commercial compost facilities, we'll also be testing
4 those products in simulated air, water, and soil
5 environments. We'll determine the decomposition
6 by-products and evaluate the environmental fate of those
7 products.

8 --o0o--

9 MR. LEAON: On the RPPC side, again, in December
10 2004 the Board directed us to do some education and
11 outreach. We've completed those tasks for '04. We've
12 updated our web page. We've updated our forms and
13 frequently asked questions brochure. We put ads in trade
14 publications. And we did the training at the 2005 -- or
15 the, yes, the October 2005 conference.

16 And finally, we had been pursuing rulemaking
17 changes to the RPPC law. We've currently shelved those
18 regulatory amendments, and we're first going to examine
19 possible statutory changes to that law. We're in the
20 process of forming an advisory group, and we'll ask that
21 group to help us develop options for possibly resizing
22 the statute, and then we'll revisit the regulation after
23 any statutory change should be implemented.

24 That concludes my presentation.

25 And actually, before I finish, I do want to

1 thank Rosalie for her leadership on all of these efforts
2 and for the help in this process.

3 CHAIRPERSON PETERSEN: Rosalie?

4 BOARD MEMBER MULE': Thank you, Mr. Chairperson.

5 CHAIRPERSON PETERSEN: You're welcome.

6 BOARD MEMBER MULE': First of all, I want to
7 thank you, Mike, and Christine, I see you in the audience
8 and all of your staff that in the last year, year and a
9 half that I've been involved in this effort, I can't tell
10 you how hard this staff has worked in pulling together
11 information that we had no idea what was out there. What
12 we did when we first started or staff first started with
13 the initial workshops in October of '04, we realized that
14 there was a lot of information out there, and we didn't
15 have our hands on it, and we needed to go out and gather
16 it.

17 And again, thanks to Christine especially for
18 traveling around the state and finding -- finding out
19 such things, for example, at the Crazy Horse Landfill in
20 Monterey County, I attended a local solid waste task
21 force meeting with Christine, and we discovered on a site
22 visit at Crazy Horse that they were collecting at the
23 height of their season, which is 30 to 45 days, they were
24 collecting 250 tons per day of agricultural film plastic.
25 They didn't want it in their landfill. It was coming in

1 already separated. They were setting it aside at the
2 landfill, and they were putting it in the landfill at the
3 end of the day. They just hated to do that, but they did
4 that because they had no alternative.

5 Not only did we discover that, but we found out
6 that they were charging. The normal tipping fee, I
7 think, was about 46, 50 dollars a ton. They were
8 charging double that, \$96 a ton. And people were paying
9 that to get rid of this. So Christine and I, we just
10 couldn't believe. It was like hitting the jackpot,
11 because we said here is a source for plastic and for that
12 to be pelletized for other products.

13 The other thing that I want to mention is that,
14 you know, we -- timing is on our side. We all know that
15 the markets for plastic products containing recycled
16 post-consumer material has -- has become much stronger.
17 The demand is much greater. We're seeing markets now
18 that didn't exist or were very, very weak just even five
19 years ago for plastic lumber and other consumer products,
20 so that's really created the demand for these products.
21 So then we realized that we needed to go out and find out
22 where this material was and then how do we collect it.

23 The other thing was in working with the washing
24 and sorting facilities, we found out that there's three
25 companies -- one you're going to hear about today, but

1 there's three companies that are interested in siting
2 washing facilities here in California.

3 The other thing that we found out in this last
4 year is that there are 16 communities throughout
5 California that we know of that are collecting
6 residential or curbside residential collection of plastic
7 film, again plastic grocery bags, plastic retail bags.
8 One great example is the San Juan Capistrano partnership
9 with Hilex Poly and CR and R and the City of San Juan
10 Capistrano, very successful program.

11 The other thing that we found out is that the
12 material recovery facilities, many of them throughout the
13 state of California, are pulling this plastic film at the
14 front -- off at the front end of their sort line. They
15 don't want that material to go through their process and
16 get stuck in their -- you know, in their sort line. So
17 they're pulling that material. So again, that was, you
18 know, something we said, wow, they're already pulling,
19 they're already sorting this material.

20 Another exciting thing that we found out was in
21 terms of commercial film collection, the Wal-Marts
22 throughout the state of California are collecting film
23 plastic. They're doing it throughout the state. They're
24 doing it, I think, throughout the country now. Also,
25 Kohl's Department Stores are doing it. So there's a lot

1 that's already going on, and that's, I think -- if
2 anything, that was very, very beneficial for all of us to
3 learn, that there's already a lot of effort going on in
4 film collection and processing.

5 Now, how do we expand that? And that's where
6 we're at now. I think that's what our January 25th
7 meeting we're going to kicking off that effort.

8 And again, I just want to thank staff, because
9 it's -- it's been a very, very good process. I also want
10 to thank all the stakeholders who have been involved with
11 our work groups, done an outstanding job of getting a lot
12 of information to us. And I really see the tide turning.
13 I really do think that this whole idea of collaborative
14 effort is very fruitful for us, and I think that we are
15 going to see increased collection, increased processing,
16 and increased use of plastic film.

17 And again, I just hope that we can replicate
18 this with the container recovery as well. But again, I
19 just want to thank Mike, you, Bill, Christine, everybody,
20 all our stakeholders for their involvement in the
21 process. Thank you.

22 CHAIRPERSON PETERSEN: Any other thing, Mike?

23 MR. LEAON: No, though I would be remiss if I
24 also didn't think thank Christine Flowers, who has moved
25 on to Office of Local Assistance, but she was

1 instrumental in helping collect a lot of the information
2 that Rosalie was speaking to.

3 So thank you, Christine.

4 And I will be continuing to work with Christine
5 on plastics issues. And also I would like to thank our
6 stakeholders as well.

7 CHAIRPERSON PETERSEN: Any of the Members?

8 COMMITTEE MEMBER PEACE: Great job. Thank you
9 for all the work you've done.

10 And thank you, Rosalie, for heading this up.

11 BOARD MEMBER MULE': You're welcome.

12 CHAIRPERSON PETERSEN: All right. Thank you.

13 I just have a couple of things. One, since I'm
14 new here and I see all this, this is amazing, what you
15 guys have put together and how you're pushing the
16 envelope here. The other really key important thing is
17 the wash lines that have been -- instead of collecting
18 the film. Well, film's been collected for a long time,
19 and it's been shipped to Indonesia and to China and other
20 places, some of it not so good, some of it good. I've
21 seen wash lines. I've been in China to see where the
22 markets were when I was with Recycle America. But now
23 we've got wash lines coming here. Now, that means that's
24 a big change. And the market is there.

25 The other thing that we've got to take a look

1 at: Where is the market on price? And whatever we do in
2 the recycling business, what drives recycling is market
3 price. You pay more, it comes out. It's real simple.

4 And so I'm just -- well, I'm really looking
5 forward to working with you guys on the plastic side of
6 this thing. And there are some players out there that
7 are to be congratulated, and there's some players out
8 there that really need to do something more, a lot more.
9 So it's going to be very interesting.

10 MR. LEAON: Thank you.

11 CHAIRPERSON PETERSEN: Thank you, Mike.

12 Okay. And will you guys keep us posted as where
13 we're going and what we're doing here?

14 MR. LEAON: We will certainly do that.

15 CHAIRPERSON PETERSEN: Because my interest is
16 real high on this, and I know the other Board members are
17 very interested as well. So thank you.

18 Bill?

19 ACTING DEPUTY DIRECTOR ORR: Okay. At this
20 point we're going to go back to the regular agenda, to
21 the first of the loans. It will be Item E, which is
22 Board Item 15, consideration of the Recycling Market
23 Development Revolving Loan Program application for ENO
24 Plastics, LLC, fiscal year 2005/06. And this item will
25 be presented by Don Tsukimura.

1 MR. TSUKIMURA: Good morning and welcome, Chair
2 Petersen. Can you hear me? Good morning, Chair Petersen
3 and welcome. Good morning, Committee Members. I'm Don
4 Tsukimura, loan officer for the RMDZ loan program.

5 This morning I'll be presenting three loans, the
6 first of which should be of particular interest since it
7 involves ag film plastic. That's Item E, or Agenda
8 Item 15. This presents for consideration the ENO
9 Plastics, LLC, application to the Recycling Market
10 Development Revolving Loan Program.

11 A program note here is that ENO Plastics
12 originally requested a loan of 1,062,400 to purchase
13 equipment and provide working capital. On December 1st,
14 the loan committee approved a reduced loan amount of the
15 \$912,400 to finance the purchase of equipment only,
16 citing that there was inadequate collateral to fund the
17 working capital due to the fact that the appraisal that
18 was done did not have comparable equipment sales. ENO
19 Plastics has acknowledged that they will be able to
20 continue the project with the reduced loan amount.

21 This project is projected to divert up to 10,000
22 tons of post-consumer plastic ag film annually from the
23 landfills. The project will be located in Camarillo,
24 California, within the Ventura County recycling market
25 development zone. ENO Plastics is a newly created

1 company that will collect used agricultural film from
2 farmers, transfer stations, and waste haulers. This used
3 plastic will then be manufactured into post-consumer
4 plastic resin for sale to manufacturers of plastic
5 products.

6 The managing member, Mr. Zach Xu, has extensive
7 experience in the plastic industry as a plastics broker
8 and -- for several years and he has done extensive
9 research to determine the feasibility and logistics of
10 this project to be located in Ventura County.

11 Staff from the Board's Permitting and
12 Enforcement Division has reviewed the project and reports
13 that no solid waste program is required. Diversion,
14 Planning and Local Assistance Division has reviewed the
15 project and determined that materials to be processed are
16 normally disposed of in a landfill.

17 ENO Plastics has already secured a site. They
18 have addressed all permitting issues. They have begun
19 ordering their equipment, and hopefully they will be
20 fully operational by perhaps end of spring 2006.

21 Mr. Zach Xu, Mr. Jack Wong, and Mr. Michael Wang
22 of ENO Plastics is present here today to answer any
23 specific questions that the Committee may have regarding
24 their project.

25 And staff is recommending approval of this

1 agenda item as presented. And I'd like to open it up for
2 any questions you may have at this time.

3 CHAIRPERSON PETERSEN: This is the exact
4 programs we're talking about, expanding the plastics
5 recycling, and I am just thrilled that this is happening.

6 Do we have a speaker?

7 MR. XU: Good morning, Chairman. Good morning,
8 Committee Members. I am Zach Xu from ENO Plastics.
9 Thank you for the opportunity to be here to talk about my
10 project.

11 First, I want to thank -- I have a long list
12 here -- the Recycling Market Development Zone staff, the
13 loan committee, and the loan staff, the Integrated Waste
14 Management Board staff, and also the RMDZ zone
15 administrators in the county of Ventura.

16 We have been working closely with the zone and
17 the RMDZ since the beginning of this year. And we --
18 like Don Tsukimura said, we are going to target to
19 recycle 10,000 tons of agriculture film plastics
20 collected only in the county of Ventura. There should be
21 more than 10,000 tons disposed just in the county of
22 Ventura.

23 We have ordered the machines, and our scheduled
24 operation should be in April, to be exact. We also have
25 acquired all the permits approval.

1 We have experience in recycle agriculture film
2 plastics in China. We are very confident that this is
3 going to work. We have worked for more than 18 months
4 with consultants, engineers, to design something that
5 will fit the market in this country, which is a less
6 labor-intensive system, to wash and grind and repelletize
7 the agriculture film plastics.

8 We will continue to work closely with the zone
9 members and the staff because we believe that there are
10 going to be more plastics to be recycled, not just
11 agriculture film plastics, but also film collected from
12 the curbside, because our wash lines are capable of
13 handling such materials if adequate film is provided to
14 us at a very efficient cost in terms of transportation.

15 I also want to mention that we've also been
16 participating in the work groups, the film collection
17 work groups, and we find it very useful. And that is one
18 of the main reasons that we believe that the government
19 is very interested to push this project forward. And I
20 would like to thank all of you for the past 12 months for
21 all the help.

22 CHAIRPERSON PETERSEN: First of all,
23 congratulations on where you're going.

24 MR. XU: Thank you.

25 CHAIRPERSON PETERSEN: A couple of questions.

1 When you produce the resins, what is the intended market
2 that you're looking at right now? Where are you going to
3 be selling the materials? And you don't need to be
4 specific, but is it going overseas or are we going to be
5 using it domestically?

6 MR. XU: It all goes to domestic. We have
7 compounders in this country that are very interested in
8 this product. We also have potential customers in the
9 trash bag manufacturer sector.

10 CHAIRPERSON PETERSEN: Okay.

11 MR. XU: We -- actually, we have one potential
12 customer in Ventura County that makes some kind of toilet
13 plunge using a low-density polyethylene material. And of
14 course, we have a lot of other end users in the plastic
15 wood industry that can easily use this material because
16 their requirements are much more forgiving than the trash
17 bag manufacturer. And our target will be hoping that we
18 can supply all the material produced to the trash bag
19 manufacturers.

20 CHAIRPERSON PETERSEN: How long have you been in
21 this country?

22 MR. XU: Seven years.

23 CHAIRPERSON PETERSEN: Seven years?

24 MR. XU: Yes.

25 CHAIRPERSON PETERSEN: So you saw what was going

1 on in China -- and it's been going on a long time.

2 MR. XU: Yes.

3 CHAIRPERSON PETERSEN: I've actually visited
4 facilities there. And you decided to come here and start
5 up a business to do this?

6 MR. XU: Yes.

7 CHAIRPERSON PETERSEN: How about this? This is
8 great.

9 MR. XU: We have a lot of experience in doing it
10 in China, and I personally think that it's very
11 inefficient. And it's --

12 CHAIRPERSON PETERSEN: Right.

13 MR. XU: -- very, very labor intensive and also
14 have a very high loss factor because of the way they do
15 it. That's why we -- that's why we hired several
16 consultants from Italy, because I believe they are the
17 ones that have the best technology, I assume.

18 CHAIRPERSON PETERSEN: Okay.

19 MR. XU: And we come up with this system will --
20 definitely will fit the market right now in the U.S.

21 CHAIRPERSON PETERSEN: Okay. Two things I'd
22 like for you to do, if you wouldn't mind: One is I would
23 like you to work with us and especially some of the large
24 bag manufacturers about showing them how to deal with
25 this and how to incorporate your product into their

1 product. That's No. 1. And No. 2, when you get ready to
2 open this facility up, I want you to invite the Board,
3 and we're going to do some press on this, because this is
4 what needs to happen. This is market development. This
5 is Recycle 101. This is great. Good stuff.
6 Congratulations.

7 MR. XU: Thank you.

8 CHAIRPERSON PETERSEN: Okay.

9 COMMITTEE MEMBER PEACE: This is absolutely
10 wonderful because we just heard in the last item,
11 Item 19, that California actually needs like ten of these
12 type of facilities to handle all of our plastics. Can
13 you tell me what kind of collection infrastructure you're
14 going to set up?

15 MR. XU: We are not intending to change the
16 existing collection because it will require a lot more
17 money, let's put it that way. Right now, we are kind of
18 satisfied with the present collection system.

19 COMMITTEE MEMBER PEACE: So where do you collect
20 it from right now? Where do you plan to --

21 MR. XU: When the farmer, the farmer -- in the
22 county of Ventura, there's two seasons, the winter season
23 and the summer season. So the plastic will be pulled
24 from the farm in July/August and December and January.

25 The typical -- a hauler will provide a 40-yard

1 bin, open top, at the fill. The farmers are supposed to
2 pull the plastics and dump into that open-top thing.
3 They're not allowed to dump any kind of debris into the
4 container; however, when we receive the material, there
5 are going to be a lot of soil and dirt and drip tapes,
6 which is a different material, that we probably have to
7 separate it out before we run it through the wash line.

8 That's why we are working closely with haulers
9 and also transfer stations, because it's more than one
10 hauler in the county. And if you choose to work -- let's
11 say we missed out some other area. This plastic will
12 be -- end up at a transfer station, and it's going to be
13 baled before sending it to the landfill. We want to
14 intercept any recyclable material before it goes to the
15 landfill, because once it ends up in the landfill, I
16 don't think we could recycle them because there's going
17 to be too much contaminations.

18 COMMITTEE MEMBER PEACE: Thank you. I was so
19 glad to hear that you are involved in our working groups
20 for the plastic. That's great.

21 MR. XU: Sure.

22 COMMITTEE MEMBER PEACE: Did they need a Water
23 Board permit or an Air Board permit?

24 MR. XU: We have obtained the water permit and
25 also the air permit, yes.

1 COMMITTEE MEMBER PEACE: Okay. Thank you.

2 COMMITTEE MEMBER WASHINGTON: Mr. Chair.

3 You said, now, from your loan you would produce
4 30 new jobs?

5 MR. XU: Yes.

6 COMMITTEE MEMBER WASHINGTON: What type of
7 positions will you be filling with this loan?

8 MR. XU: We're going to have three shifts. Each
9 shift will require seven line workers. Each shift also
10 require a supervisor. So there's eight per shift, so 24.
11 And then we have two quality controls. And then the
12 other will be administrators and general manager.

13 COMMITTEE MEMBER WASHINGTON: That's great.
14 That is out of sight. That's excellent.

15 CHAIRPERSON PETERSEN: Well, again,
16 congratulations. I think this is grand.

17 COMMITTEE MEMBER WASHINGTON: Mr. Chair, I'd
18 like to move adoption of Resolution 2005-331.

19 COMMITTEE MEMBER PEACE: Does that need to be
20 the revised? Does that need to -- since it was a
21 different amount?

22 COMMITTEE MEMBER WASHINGTON: Well, we got the
23 new --

24 ACTING DEPUTY DIRECTOR ORR: It would need to be
25 the revised amount, and we will actually enter that in as

1 a revised item resolution into the BOD system between now
2 and the Board meeting.

3 CHAIRPERSON PETERSEN: Okay. Is there a second?

4 COMMITTEE MEMBER WASHINGTON: So it's revised at
5 the Board meeting.

6 COMMITTEE MEMBER PEACE: Second.

7 CHAIRPERSON PETERSEN: Ms. Balluch, the roll,
8 please.

9 COMMITTEE SECRETARY BALLUCH: Peace?

10 COMMITTEE MEMBER PEACE: Aye.

11 COMMITTEE SECRETARY BALLUCH: Washington?

12 COMMITTEE MEMBER WASHINGTON: Aye.

13 COMMITTEE SECRETARY BALLUCH: Petersen?

14 CHAIRPERSON PETERSEN: Aye.

15 Thank you.

16 MR. XU: Thank you.

17 CHIEF COUNSEL CARTER: Chair Petersen, that
18 matter can go on fiscal consent, if you direct.

19 CHAIRPERSON PETERSEN: Great. Let's do that.

20 Thanks, Marie. Keep me on track here.

21 Okay. Next item.

22 ACTING DEPUTY DIRECTOR ORR: Okay. Next item is
23 Item F or Agenda Item 16.

24 COMMITTEE MEMBER WASHINGTON: Mr. Chair, on
25 Item F, let's see, make sure this is the one. All right.

1 Yeah. Mr. Chair, I will abstaining from participating on
2 this item pursuant to Government Code section 84308
3 because the company that is seeking an RMDZ loan are
4 sponsoring a campaign fundraising event in my honor later
5 this month.

6 CHAIRPERSON PETERSEN: Very good, Carl. Thank
7 you.

8 MR. TSUKIMURA: This item presents for
9 consideration the Golden By-Products, Inc., dba Scrap
10 Tire Company application to the RMDZ Revolving Loan
11 Program. The loan request is for \$880,000 to finance the
12 purchase of equipment. The project has projected
13 increased diversion of post-consumer waste tires from the
14 landfill by 12,000 tons annually. The project is located
15 in Ballico, California, within the Merced County
16 Recycling Market Development Zone.

17 Golden By-Products, Inc., was started over 30
18 years ago by Jim and Karen Barstow as a large-volume
19 materials handling business processing almond hulls to
20 manufacture cattle feed for the local dairy industry.
21 The tire recycling business was started in 1997, and the
22 company now owns over 300 collection trailers servicing
23 Northern California's tire generators, which include tire
24 retailers, trucking companies, and municipalities.
25 Presently over 4 million scrap tires are collected and

1 processed annually by Golden By-Products.

2 This is the second loan to be awarded to Golden
3 By-Products. On March 18, 2003, the Board approved an
4 RMDZ loan in the amount of \$1,375,000 to purchase
5 equipment to expand their tire recycling project. That
6 loan currently has a balance of 1,193,000 and is being
7 repaid as agreed.

8 Staff from the Board Permitting and Enforcement
9 Division has reviewed the project and reports that no
10 solid waste permit is required.

11 A waste tire facility inspection by Board staff
12 on November 7, 2005, determined that the facility had
13 exceeded the waste tire permit maximum of 150,000 tires.
14 A notice of violation was issued, and Golden By-Products
15 was given 60 days to bring it back into compliance. On
16 December 1st, a reinspection was made by Board staff, and
17 it was found that Golden By-Products was in compliance.

18 Diversion, Planning and Local Assistance has
19 reviewed the project and determined that the materials to
20 be processed are normally disposed of in a landfill. And
21 this loan was presented to and approved by the loan
22 committee on December 1st.

23 Ms. Jana Nairn and Mr. Michael Dunbar are
24 present here today to answer any specific questions that
25 the Committee may have regarding their project. And

1 staff is recommending approval of this agenda item as
2 presented.

3 CHAIRPERSON PETERSEN: Great. Are there any
4 comments?

5 COMMITTEE MEMBER PEACE: I have a couple
6 questions. Is 150,000 tires the maximum amount allowed
7 under a major waste tire facility permit?

8 MS. NAIRN: I can answer that question, thank
9 you, Ms. Peace. My name is Jana Nairn with Golden
10 By-Products.

11 Our facility is permitted for 150,000. You can
12 be permitted for whatever the amount is. The permit
13 level is based on the complete application that has --
14 that is through your -- the Waste Board's Permitting and
15 Enforcement Division and tied specifically to a financial
16 cleanup bond that our company must have in place based on
17 the level of how much we need. The 150,000 that we are
18 allocated or that is tied to the specific level of our
19 cleanup bond and all the other factors that are included
20 in that, in that permit.

21 We were -- the wording is a little bit unclear
22 in the application. We were -- in our inspection, we
23 were over by 10,000 tires. That's four truckloads. We
24 handle about 40,000 tires a day in our facility, so it
25 was a very slight overage. And as he stated, within less

1 than 30 days when they came back, we were within
2 compliance.

3 COMMITTEE MEMBER PEACE: Will you be trying to
4 get a higher limit, a new permit with a higher limit?

5 MS. NAIRN: We -- we can -- we have thought
6 about that, and we've discussed it as we've looked at how
7 our company has grown. We're at a position right now
8 where we really feel that it is an adequate amount
9 considering our increased throughput. The earlier loan
10 that we received allowed us to add some additional
11 shredders that increased our throughput from about eight
12 ton an hour up to 18 ton an hour, and that helped us to
13 handle the flow of tires.

14 So at the volume of 4 million tires a year right
15 now, we really feel that we're -- that it -- that
16 we're -- that the 150 is pretty adequate. It is a
17 breathing organism almost in a sense where we're just
18 handling so much materials that it's changing on a
19 regular basis, not only the volumes, but the footprints
20 as well. So we really feel that for the most part,
21 probably 99 percent of the time, we're under that 150.

22 COMMITTEE MEMBER PEACE: I guess it's going out
23 just as fast as it's coming in?

24 MS. NAIRN: Constantly.

25 COMMITTEE MEMBER PEACE: I guess because the

1 question I had was if you're over your limit of 150,000
2 when you were just processing 23,000 tons a year, how
3 would you stay within your limit when you're expanding to
4 35 -- I mean 23,000 tons, that how would you stay within
5 your limit when you increased that to processing 35,000
6 tons?

7 MS. NAIRN: Okay. I can clarify that also.

8 The 23,000 tons is what's being diverted right
9 now. We're still -- we're handling 40,000 tons, but
10 we're diverting 23,000, the balance of which goes to the
11 landfill, primarily as ADC at this time. And what we'll
12 be doing is not increasing our total volume, but reducing
13 what goes to ADC and instead now diverting an additional
14 12,000 tons.

15 COMMITTEE MEMBER PEACE: Okay. I guess that
16 answers my question.

17 CHAIRPERSON PETERSEN: Great. Now, I've got a
18 couple questions. So would you consider your company a
19 large tire processor in your area or the largest?

20 MS. NAIRN: I would humbly say that, yes, we're
21 one of the largest tire recyclers in California.

22 CHAIRPERSON PETERSEN: So -- and you have no
23 problem with supply?

24 MS. NAIRN: Well, we compete for supply on a
25 regular basis with other haulers in the area and with

1 other recyclers and constantly competing against the
2 least cost options, which continually will be to landfill
3 the material. Chop it up, simply, and landfill it.

4 CHAIRPERSON PETERSEN: Right. Right. So we're
5 not alternative cover fans, are we?

6 MS. NAIRN: Not necessarily.

7 CHAIRPERSON PETERSEN: Oh, good. Oh, good.
8 Well, congratulations. You've got a great business. And
9 keep going.

10 MS. NAIRN: Thank you. Welcome to the Board,
11 and we look forward to working with you. And please come
12 see our facility as --

13 CHAIRPERSON PETERSEN: Oh, yes. We'll be by.

14 MS. NAIRN: Whenever you like.

15 CHAIRPERSON PETERSEN: I'll stop on by.

16 MS. NAIRN: Good.

17 CHAIRPERSON PETERSEN: Okay.

18 COMMITTEE MEMBER PEACE: Thank you, Jana.

19 With that, I'd like to move Resolution

20 No. 2005-322.

21 CHAIRPERSON PETERSEN: Well, I'll second.

22 COMMITTEE SECRETARY BALLUCH: Peace?

23 COMMITTEE MEMBER PEACE: Aye.

24 COMMITTEE SECRETARY BALLUCH: Petersen?

25 CHAIRPERSON PETERSEN: Aye.

1 And this goes on fiscal consent; right? Got
2 that, okay.

3 MS. NAIRN: Thank you very much.

4 CHAIRPERSON PETERSEN: Thanks, guys.

5 The next item.

6 MR. TSUKIMURA: The next item is Item G or
7 Agenda Item 17. And this presents for consideration the
8 North SLO County Recycling, Inc., dba North County
9 Recycling application to the RMDZ Loan Program. The loan
10 request is for \$225,000 to finance the purchase of
11 equipment.

12 This project has projected increased diversion
13 of post-consumer wood, sheetrock, green waste, and C and
14 D material from the landfills by 20,000 tons annually
15 over the next three years. The project is located in
16 Paso Robles, California, within the Central Coast
17 Recycling Market Development Zone.

18 This is a second loan for North SLO. On
19 December 10, 2002, the Board approved a loan in the
20 amount of \$750,000 to North SLO to purchase equipment,
21 and that loan currently has a balance of \$660,000 and is
22 being repaid as agreed.

23 Staff from the Board's Permitting and
24 Enforcement Division has reviewed the project and reports
25 that no solid waste permit is required. Diversion,

1 Planing and Local Assistance has reviewed the project and
2 determined that the materials are normally disposed of in
3 a landfill. The loan was presented to and approved by
4 the loan committee on December 1st.

5 Ms. Renee Coleman of North SLO is present here
6 today to answer any questions that the Committee may have
7 regarding this project. Staff is recommending approval
8 of this agenda item as presented.

9 CHAIRPERSON PETERSEN: Great. Any comments?

10 COMMITTEE MEMBER PEACE: No, I just want to say
11 we need these types of facilities. This is great.

12 With that, I'd move Resolution No. 2005-333.

13 CHAIRPERSON PETERSEN: I'll second.

14 Ms. Balluch.

15 COMMITTEE SECRETARY BALLUCH: Peace?

16 COMMITTEE MEMBER PEACE: Aye.

17 COMMITTEE SECRETARY BALLUCH: Washington?

18 (No audible response.)

19 COMMITTEE SECRETARY BALLUCH: Petersen?

20 CHAIRPERSON PETERSEN: Aye.

21 Thanks, Marie.

22 Okay. With that, that's the end of the agenda
23 items.

24 Is there any other comments from anybody in the
25 room?

1 Well, grand. Thanks for bearing with me on my
2 first Committee meeting. Hope we did well. Thank you,
3 everybody.

4 The meeting is adjourned.

5 (The meeting concluded at 11:22 a.m.)

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CERTIFICATE OF REPORTER

I, YVONNE K. FENNER, a Certified Shorthand
Reporter of the State of California, and Registered
Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the
foregoing California Integrated Waste Management Board,
Sustainability and Market Development Committee meeting
was reported in shorthand by me, Yvonne K. Fenner, a
Certified Shorthand Reporter of the State of California,
and thereafter transcribed into typewriting.

I further certify that I am not of counsel or
attorney for any of the parties to said meeting nor in
any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand
this 15th day of December, 2005.

YVONNE K. FENNER, CSR, RPR
Certified Shorthand Reporter
License No. 10909